

POLICE AND CRIME COMMISSIONER CAMBRIDGESHIRE AND PETERBOROUGH / CHIEF CONSTABLE OF CAMBRIDGESHIRE CONSTABULARY

DRAFT Auditor's Annual Report

Year ended 31 March 2021

2 August 2022

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CONTENTS



Section	Page
Executive summary	3
Purpose and responsibilities	4
Financial statements audit	5
Value for money	6

EXECUTIVE SUMMARY

This Auditor's Annual Report provides a summary of the key issues arising from our audit of the Police and Crime Commissioner Cambridgeshire and Peterborough / Chief Constable of Cambridgeshire Constabulary (the 'PCC/CC') for the year ended 31 March 2021.



Area

Financial statements

We issued an unqualified opinion on the CC and PCC group's financial statements on 28 January 2022. The financial statements give a true and fair view of the financial position of the PCC/CC as at 31 March 2021 and of its expenditure and income for the year ended. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Value for money

We have no matters to report by exception on the PCC/CC's VFM arrangements.

We have included our VFM commentary below.

Other reporting

We did not consider it necessary to use our auditor powers or report on other matters.

The contents of this report relate only to those matters which we are required to report under the NAO Code of Audit Practice (April 2020). This report has been prepared solely for the use of the PCC/CC and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

PURPOSE AND RESPONSIBILITIES

Purpose of the Auditor's Annual Report

This Auditor's Annual Report summarises the key issues arising from the work that we have carried out in respect of the year ended 31 March 2021.

It is addressed to the PCC/CC but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

Responsibilities of the PCC/CC

It is the responsibility of the PCC/CC to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

The PCC/CC is also responsible for preparing and publishing its financial statements, narrative reports and governance statements.

Responsibilities of auditors

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice - April 2020 (the 'Code').

Under the Code, we are required to review and report on:

- Whether the financial statements give a true and fair view of the financial position of the PCC/CC and group and of its income and expenditure for the year and have been properly prepared in accordance with the relevant legislation;
- Whether the other information published together with the financial statements is consistent with the financial statements;
- Whether the governance statement complies with the guidance issued;
- Whether the PCC/CC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- Where appropriate, make statutory recommendations, refer matters to the Secretary of State or issue a Public Interest Report.

FINANCIAL STATEMENTS

Audit conclusion

We issued an unqualified opinion on the CC and PCC group's financial statements on 28 January 2022. The financial statements give a true and fair view of the financial position of the PCC/CC as at 31 March 2021 and of its expenditure and income for the year ended. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We reported our detailed findings to the Joint Audit Committee meeting held on 27 January 2022.

Significant deficiencies in controls

We did not identify any significant control deficiencies during the audit of the financial statements.

Unadjusted Audit differences

Police and Crime Commissioner Cambridgeshire and Peterborough

There are seven unadjusted audit differences identified by our audit work which would increase the deficit on the provision of services for the year of £2.407 million by £859,000 and would decrease net assets by £979,000. There would be no impact on the general fund balance.

The Chief Constable of Cambridgeshire Constabulary

There are three unadjusted audit differences identified by our audit work which would increase the deficit on the provision of services for the year of £25.215 million by £15.582 million and would decrease net liabilities by £2.649 million. There would be no impact on the general fund balance.

Adjusted Audit differences

Police and Crime Commissioner Cambridgeshire and Peterborough

There were eleven audit differences identified by our audit work that were adjusted by management. This increased the draft deficit on the provision of services of £2.407 million by £2.666 million and decreased draft net assets of £55.034 million by £2.666 million. There was no impact on the general fund balance.

The Chief Constable of Cambridgeshire Constabulary

There were three audit differences identified by our audit work that were adjusted by management. This increased the draft deficit on the provision of services of £25.215 million by £1.704 million and decreased draft net liabilities of £1,734.914 million by £1.704 million. There was no impact on the general fund balance.

VALUE FOR MONEY

Scope

We are required to review and report on the PCC/CC's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in these arrangements we are required to report this in the auditor's report included in the financial statements and to make recommendations for improvement in the Auditor's Annual Report.

Specified criteria

The NAO has issued guidance for auditors to report against three specified reporting criteria:

- Financial sustainability - planning and managing resources to ensure the PCC/CC can continue to deliver its services;
- Governance - informed decisions and properly managing risks; and
- Improving economy, efficiency and effectiveness - using information about costs and performance to improve the way the PCC/CC manages and delivers its services.

The NAO guidance also includes a number of further areas for review within each criteria to allow the auditor to assess those arrangements.



Risk assessment and response

Our risk assessment included in the 21 April Audit Planning report presented to the Joint Audit Committee identified two areas of potential significant weaknesses, as follows:

- Financial sustainability

At month 11 the Authority reported year-to-date expenditure of £137.3 million, which represents a favourable variance to plan of £1.8 million, and is forecasting that by the year end expenditure will be £151.4 million which, if delivered, will represent a favourable variance to plan of £1.0 million.

It has been noted that the key savings achieved include lower payroll costs than budgeted, arising due to the PCC and Chief Constable having less employees than budgeted in some areas, and also due to non-recurring savings incurred directly as a result of the coronavirus pandemic on areas such as fuel and travel costs, and utility costs in office spaces. These savings are not therefore expected to continue into future years.

The month 11 revenue and capital budget monitoring report forecasts a decrease in usable reserves of £2.0 million for the 2020/21 year, although this decrease is incurred as a result of the funding of the capital programme and not due to budget gaps.

The latest version of the medium term financial strategy shows a balanced budget for 2020/21, 2021/22 and 2022/23, with budget gaps of £3.8 million and £4.3 million for the years 2023/24 and 2024/25 respectively. The current level of useable reserves is not sufficient to sustain these budget gaps in the medium term, and the PCC and Chief Constable will be required to either find savings or obtain borrowings. We therefore consider there to be a risk over financial sustainability in the medium term.

VALUE FOR MONEY

Risk assessment and response

In order to understand the arrangements in place we have:

- Evaluated the Force's in year budget monitoring processes, and the completeness and accuracy of management information reported for decision making purposes
- Assessed the Force's medium term financial plan and annual budgets, including the reasonableness of the underlying assumptions made by management and the consideration of risks to sustainable finances
- Evaluated the process by which the Force monitors its savings, and considering progress against savings targets, to determine if future targets are realistic and achievable.

The findings of this are included in the detail starting on page 9.

- Collaboration

A number of the Force's public services are delivered through collaborated working with other forces. Arrangements for these activities are sometimes led by other forces.

There is a risk that Cambridgeshire and Peterborough may not have access to accurate and timely management information (including non-financial information where appropriate), especially where they are not the lead force in the arrangements. This could lead to difficulties making properly informed decisions, or may result in the Force not having the appropriate evidence needed to justify the continued and increased use of collaborated functions.

There is a risk that the Force may not have adequate arrangements in place to be able to assess and improve the way that collaborated services are delivered, especially where another force leads arrangements on behalf of Cambridgeshire and Peterborough. This could result in failure to deliver efficiency and performance improvements that are expected when working through the collaborations.

In order to understand the arrangements in place we have:

- Evaluated how the Force monitors and assesses risk in the collaboration and how the Force gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- Assessed how the Force ensures effective processes and systems are in place to communicate or obtain relevant, accurate and timely management information across the collaboration
- Assessed how the Force evaluates collaborated services and how financial and performance information has been used to assess performance in collaborated areas, and identify areas for improvement
- Evaluated how the Force ensures it delivers its own role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve
- Evaluated how the Force ensures that collaborated activities are delivered in accordance with the section 22 agreements, professional standards and internal policies
- Identified and analysed how the Force assesses whether it is realising the expected benefits of collaborated working.

The findings of this are included from page 16.

VALUE FOR MONEY

Audit conclusion

We have not identified any significant weaknesses in respect of the PCC/CC's arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code. We have made some informal recommendations where procedures can be enhanced at page 20.

We had no matters to report by exception in the audit report on the financial statements.



VALUE FOR MONEY

Financial sustainability - planning and managing resources

Areas for review

Significant financial pressures relevant to short and medium-term plans are identified and built into plans.

There are plans to bridge funding gaps and to identify achievable savings.

Financial plans support the sustainable delivery of services in accordance with strategic and statutory priorities.

The financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.

Risks to financial resilience are identified and managed, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Auditor's commentary on arrangements

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The PCC/CC has a robust budget process in place. The Strategic Threat and Risk Assessment (STRA) is a year-on-year whole-Force process to provide chief officers with information relating to policing that they can use to make decisions about operational requirements, deployment policy and training. This has the benefit of ensuring that: resource needs are understood and can be prioritised against likely demand; threats and risk are managed efficiently and effectively, decisions are taken on preventative and corrective action as needed.

The process involves submissions from strategic leads on operational requirements which are reviewed by the Governance and Organisational team alongside the Force's Corporate plan. Headlines from these meetings form the basis of Challenge Panel discussions which lead to key outcomes and actions.

The STRA process follows through into a budget for the year and the Medium-Term Financial Strategy (MTFS). The Bedfordshire, Cambridgeshire and Hertfordshire (BCH) collaboration planning has been aligned to this cycle, representing a significant improvement in aligning the budget planning in force and across the collaboration to enable more effective financial planning.

The STRA process was highlighted as an area of innovation and strength in the Force's recent CIPFA Financial management capability review.

The PCC/CC has historically met its budget, therefore demonstrating that this process is robust.

VALUE FOR MONEY

Financial sustainability - planning and managing resources

How the body plans to bridge its funding gaps and identifies achievable savings

The PCC/CC has generally managed to deliver within its budget year-on-year. There has been appropriate use of earmarked reserves to meet unbudgeted cost pressures. The PCC approved the 2020/21 budget as part of the MTFS on the 25th February 2020 Business Co-ordination Board (BCB) alongside the treasury management strategy. The MTFS includes the capital programme.

The 2020/21 budget was balanced with no planned use of reserves or unidentified savings and a net budget requirement of £152.467m. The outturn for 2020/21 as presented in the 'Outturn report 2020/21' presented to the May 2021 BCB was £152.632m including an unplanned contribution from earmarked reserves of £352,000. The PCC/CC holds an earmarked budget assistance reserve for such instances.

The MTFS is produced annually, the 2021/22 - 2024/25 strategy was presented to the 19th March 2021 BCB. The forecast itself shows a £0 funding gap in 2021/22 and 2022/23. This then grows to approximately £3.9m in 2023/24 and £4.3m in 2024/25. The budget gap in these years is largely due to pay inflation and expected increases in the employer contribution rates for the police pension scheme. The absence of a multi-year funding settlement creates uncertainty regarding the funding levels with precept increases being modelled at 2%. Therefore, the Commissioner continues to hold the budget assistance reserve throughout the MTFS period to support future year budgets and savings requirements if necessary.

Where it has been identified that savings are required, this will be dealt with as part of the STRA budget rounds to ensure savings are identified and are monitored as part of reporting to the Force Executive Board (FEB) and BCB. A budget letter is then issued from the CC CFO informing the budget holder of their budget and savings requirements for the year.

Throughout 2020/21, savings were not specifically monitored as part of budget monitoring, however the PCC/CC can take assurance that the savings have been made as they have met the overall budget position. Given the importance of savings delivery on achievement of financial plans it is crucial that savings are robustly monitored. This process was introduced by the CFO in 2021/22 and now forms part of the budget monitoring reporting to FEB and BCB, which demonstrates a clear improvement on 2020/21 arrangements.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Police and Crime plan sets out the objectives of the PCC and how it will deliver its statutory responsibilities. The STRA process has been designed to align the resource of the PCC to priorities and ensure that the MTFS is aligned with the Police and Crime Plan. Assumptions in the MTFS consider anticipated funding from government sources, as well as any other potential income sources, and balances this against the expected expenditure needed to provide policing services against the level of local taxation raised from the Council Tax Precept.

VALUE FOR MONEY

Financial sustainability - planning and managing resources

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The STRA focus on financial requirements has been implemented to enable integration between the financial and planning business cycles. This requires strategic leads to identify operational threat, risk and harm to their areas business whilst also reviewing the financial considerations. Each strategic lead has been encouraged to consider service delivery and efficiency across the force rather than think in silos. Given the financial position of the Constabulary this focussed on savings and efficiencies, income generation as well as growth requirements in respect of the Police Uplift Programme. As such this process links all required inputs into the budget considerations. The MTFS output links to the Corporate plan and the Police and Crime plan to ensure priorities are delivered. The MTFS includes information on capital strategy and is presented alongside the Treasury Management Strategy. These are underpinned by a three-Force Scheme of Corporate Governance and Financial Regulations which was jointly agreed with Bedfordshire and Hertfordshire and last reviewed in March 2021.

Collaboration between BCH is considered as part of the annual planning cycle to enable better financial planning. The 7Force collaboration (outlined in detail later in the report) also sees consistent approach to procurements.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The annual budget and MTFS are approved on an annual basis by the PCC. The Chief Constable is held to account for the management of the budget through monthly reporting to the FEB and the BCB. The PCC is held to account through the Police and Crime Panel (PCP), which is attended by eleven elected councillors from local authorities across Cambridgeshire and Peterborough and two independent members and hosted by Peterborough City Council. The BCB and PCP are attended by the PCC and the CC (as required), these meetings cover strategic risks, performance and budget monitoring amongst other items. Having these forums ensure issues are raised and discussed with appropriate actions agreed.

Financial sustainability - Conclusion

We have not identified any Significant weaknesses in this area. Whilst the PCC/CC demonstrated above that robust arrangements are in place to enable planning and managing of resources, we would highlight that the MTFS includes significant savings plans for 2021/22 of £5.1m (c.3.3% of forecast expenditure) and 22/23 of £3m (c.1.9% of forecast expenditure) as well as unidentified savings of £1m in 2025/26, alongside increasing delivery pressure, such as fuel and energy costs and inflation. We will therefore continue to monitor this area closely and a recommendation has been made in this respect on page 20.

VALUE FOR MONEY

Governance - informed decisions and properly managing risks

Areas for review

Risks are assessed and monitored to gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.

The annual budget setting process is appropriate.

Effective systems and processes are in place to ensure budgetary control, support statutory financial reporting requirements and ensure corrective action is taken where needed.

The PCC/CC makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

The PCC/CC monitors and ensures appropriate standards, such as meeting legislative / regulatory requirements and standards in terms of officer or member behaviour.

Auditor's commentary on arrangements

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Joint Audit Committee (JAC) oversees the risk management arrangements of the Office of the Police and Crime Commissioner (OPCC) and the Constabulary and ensures that the processes are aligned. The OPCC has a Risk Management Strategy, also endorsed by the JAC, its purpose is to ensure that risk management is embedded into the governance structure and that it effectively underpins and enables the business. The risk strategy sets out the PCC's controls assurance mechanisms, responsibilities within the OPCC and the relationship with the Constabulary risk management processes. The Corporate Risk Register (CRR) is held on the 4Risk system with a review process monitored by the Risk and Change Officer, who reports to the Risk Review Board (RRB) chaired by the Deputy Chief Constable. The RRB reviews both Organisational Support and Cambridgeshire only risks and challenges risk owners on their actions and other mitigations to manage their risks. Monthly RRBs are held and Strategic risks reported through to FEB monthly. The RRB reports by exception through the governance structure with a copy of the CRR to the JAC. A joint strategic risk register is in place with the Constabulary and endorsed by the JAC.

There is a reporting structure through each of the collaborated areas of Joint Protective Services (JPS), Organisational Support and Operational Support through to the Joint Chief Officers Board (JCOB) and Strategic Alliance Summit (SAS) meetings. There is representation from each Force at JCOB, SAS and Governance Boards which ensures they are aware of risks reported across collaborated areas.

There is a process by which each organisation is aware of the risks reported in each of the collaborated areas by recording collaborated risks through the Orchidsoft system and the 4Risk system, with risk leads identified at each Force who have access to both systems

7Force collaborated risks are reported through a monthly highlight report for project risk and business as usual risks, currently only Procurement risks are reported through the Procurement Governance Board. However, there is representation of each Force and Commissioners office at the Procurement Governance Board.

The PCC/CC has an internal audit (IA) function in place, outsourced to a third party - RSM, to gain assurance over the effectiveness of internal controls and to provide assurance against other risk areas. The Internal audit programme is reviewed annually by JAC and is informed by risk. Changes to the IA programme can be made where items need an urgent response. Recommendations arising from IA work are tracked for appropriate action and timescales.

VALUE FOR MONEY

Governance - informed decisions and properly managing risks

How the body approaches and carries out its annual budget setting process

The PCC is required to set a balanced budget in line with statutory requirements. The budget process is outlined on page 7 above. The PCC has also undertaken surveys to seek the views of stakeholders on budget proposals for 2021/22, responses were considered before action was taken to approve the budget. The Commissioner approved the 2020/21 budget for policing in Cambridgeshire for £156.5 million on 25th February 2020 BCB. The PCP approves the precept proposals presented by the PCC and have the ability to consider and comment on the planned budget. As previously mentioned, the STRA budgeting process has been highlighted as a strength.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Detailed budget monitoring takes place on a monthly basis, a forecast report is provided to the Budget Manager detailing key information including actual expenditure and forecast annual budget variance, with a meeting held between the Budget Manager and their Finance Business Partner in the following month to review this. A monthly report with any divergence from the planned budget is set out with reasons and explanations and is reported to FEB and BCB. Whilst not directly relevant to the 2020/21 arrangements review, the Constabulary's budget monitoring was subject to internal audit in 2021/22 with a reasonable assurance rating for the same arrangements.

This process leads to the outturn report that is produced alongside the statutory financial statements on an annual basis.

The PCC has a history of meeting its budgeted position which indicates that monitoring arrangements are effective.

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

The PCC is accountable to the public, through the forum of the Police and Crime Panel. The PCP has eleven representatives from local authorities across Cambridgeshire and Peterborough and scrutinises how the PCC discharges their statutory responsibilities.

The BCB is a meeting between the Police and Crime Commissioner, Constabulary Chief Officers and senior officers of the Office of the Police and Crime Commissioner, chaired by the Commissioner. It is a forum focussing on issues relating to strategy, governance, business and holding the Chief Constable to account and where decisions can be made by the Commissioner, informed by the decision-making policy.

Review of minutes of these meetings have demonstrated the agendas cover the areas we would expect, and demonstrate that challenge and discussion happen in these forums.

VALUE FOR MONEY

Governance - informed decisions and properly managing risks



How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee (continued)

The JAC meets quarterly and is made up of the PCC, CC and five independent members who are appropriately skilled and experienced. It has terms of reference focusing on providing independent assurance on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment. There is an annual cycle of work which ensures it is complying with its terms of reference. The JAC members meet privately with Internal and External Audit prior to each JAC where sensitive information is able to be shared if this is necessary. From our attendance at these meetings, we believe they are an effective committee focusing on the right areas and providing challenge.

Per the PCC/CC Integrity Controls Assurance Report covering the period April 2020-March 2021 presented to January 2022 JAC, the Business Assurance Meeting (BAM) is one of the Domestic control processes forming part of the non-financial integrity arrangements. It takes place quarterly and these are chaired by the Deputy Chief Constable. The meeting provides regular assurance about the progress of recommendations from all inspections and follow up actions as necessary.

A number of other forums take place including the FEB, which is the Constabulary's most senior management team and meet monthly. Members include the Chief Constable, Deputy Chief Constable and Assistant Chief Constable. The remaining members each represent a directorate or department and staff association representatives. In addition, for collaboration there is Joint Chief Officer Board (JCOB) comprising of CC's, DCC's, CFOs and Directors from BCH. There is a Strategic Alliance Summit (SAS) comprising of PCC's and their Chief Execs, CC's, CFOs and Directors from BCH. Collaborated key decisions required by the PCCs are taken at the SAS meetings.

The Scheme of Governance and Financial regulations (including contract standing orders) underpin the decision-making framework.

VALUE FOR MONEY

Governance - informed decisions and properly managing risks

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interest)

The PCC/CC have policies and processes in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements, including the acceptance of gifts and hospitality, declaration of business interests and additional occupations.

In October 2020, for 2019/20 and subsequently in January 2022 for 2020/21, the PCC/CC Integrity Controls Assurance Report was provided to the JAC with an overview of non-financial integrity controls assurance. The report specifically provides a summary of: the controls process, how the various control processes have operated during the reporting period and evidence of their effectiveness; and complaints update. The report provided assurance that both the PCC and the Constabulary fully recognise and support the principle that all those in policing should uphold and embed the highest standards of ethical behaviour, personal conduct, and at the same time be transparent and accountable for their actions.

The Constabulary has a collaborated Professional Standards Department (PSD) with Bedfordshire and Hertfordshire Constabularies. The teams cover Anti-corruption and reports from PSD are presented to JCOB and SAS. Results from misconduct hearings are available on the Constabulary website.

IA performed an Ethics and Culture Review in 2020/21. The purpose of this review was to assess the controls, systems and processes in place to promote an ethical culture and to manage equality and diversity. IA confirmed robust controls, systems and processes were in place governing ethics and equality, including a clear governance and reporting structure which is a positive outcome providing assurance that these arrangements are working as designed.

From this review it was also clear that an Anti-Fraud and Anti-bribery strategy and Fraud response plan were in place, as well as other relevant policies and procedures. However, it is unclear who has responsibility for the actual review and monitoring of counter fraud arrangements, as this is not specifically included in the JAC Terms of Reference. Whilst not significant we would recommend that the process for review and monitoring of counter fraud arrangements is formally included in the JAC Terms of Reference.

Governance - Conclusion

We have no significant weaknesses to report in this area. The PCC/CC has arrangements in place to make informed decisions and properly manage risks. We have made a recommendation for further enhancement to arrangements in place on page 20.

VALUE FOR MONEY

Improving economy, efficiency and effectiveness - using information to improve services

Areas for review

Financial and performance information has been used to assess performance to identify areas for improvement.

Services provided are evaluated to assess performance and identify areas for improvement.

The PCC/CC delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve.

Where the PCC/CC commissions or procures services, this is done in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Auditor's commentary on arrangements

How financial and performance information has been used to assess performance to identify areas for improvement

The monthly FEB agenda includes Strategic Performance and Budget Monitoring. The reports and discussions consider areas for improvement, review and good performance. Similarly, the BCB meeting receives a performance report enabling the PCC to hold the Constabulary to account and challenge areas for improvement or further review.

Whilst not directly relevant to the arrangements in 2020/21, the Constabulary has put in place a Value for Money (VfM) Strategy, approved at FEB on 6th December 2021. This provides the overarching strategy and framework and further work is ongoing to formalise and enhance the underlying approach to VfM. The Constabulary CFO has commissioned a VfM review by CIPFA as part of the Achieving Financial Excellence Programme. The focus of the review is to look at the underlying arrangements and processes for VfM with a view to strengthening and enhancing them. This demonstrates the PCC/CC has a desire to continuously improve and challenge itself to understand where those improvements can be made.

For the BCH portfolios, performance dashboards are reported to JCOB and considered for action. In some instances, where performance has been below expectations or concerns raised, separate reviews are undertaken and actions taken as a result. An example is the review of Custody which led to Custody services being brought back in house. To further enhance this a schedule of cyclical reviews is being developed for 2021/22 for BCH to cover 3 reviews per year. These will be VfM reviews to consider service levels, performance, cost, apportionment and where improvements or changes may be needed.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Police and Crime Plan sets out the organisational priorities and performance is measured against these as well as operational metrics through FEB, BCB and PCP meetings. Any metrics that fall below required standards are followed up to ensure improvement action is undertaken.

The Constabulary is also regularly inspected by the HMICFRS under the Police effectiveness, efficiency and legitimacy (PEEL) program. The latest report was published in June 22 and assessed the Constabulary as good or adequate in seven out of nine areas. The remaining two areas required improvement, no areas were considered inadequate. Improvement actions will be followed up at Organisational Improvement Centre and other PCC/CC forums. The previous inspection undertaken in 2018/19 assessed the force as 'good' in all three areas reviewed being, the extent to which the force is effective at reducing crime and keeping people safe, the extent to which the force operates efficiently and sustainably and the extent to which the force treats the public and its workforce legitimately.

VALUE FOR MONEY

Improving economy, efficiency and effectiveness - using information to improve services

The PCC/CC also commissioned a CIPFA Financial Management Capability Review as part of the Achieving Financial excellence programme in June 2020, in which a three star rating (out of five) was awarded recognising a relatively good performance compared to other similar reviews. Improvements have been identified from this review and an action plan devised to respond. A follow up was undertaken in March 2022 which concluded good progress had been made.

The Organisational Improvement Centre (OIC) is managed by a Superintendent, supported by a Chief Inspector an Inspector and a Sergeant, together with 30 police staff plus three police staff in Legal services and three police staff in Governance and Organisational Learning, and one police staff covering risk management. The responsibilities include supporting the Force with HMICFRS inspection activity, internal audits, the Force Management Strategy (FMS), and the professional lead for the STRA. The team also lead the evaluation and coordination of Organisational Learning for the Force.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

BCH have been collaborating for several years developing a number of joint units and departments in areas such as joint protective services, operational support and organisational support. The PCC's and CC's of the three forces meet regularly as part of the JCOB monthly meetings.

During their Collaboration Risk Management Advisory Review 2020/21, IA noted controls to be adequately designed and operating effectively. These arrangements included:

- Joint Chief Officers Board (JCOB) and Strategic Alliance Summit (SAS):
 - The SAS was established to act as the Joint Oversight Committee for all shared service collaborations between the Bedfordshire, Cambridgeshire and Hertfordshire Forces (BCH).
 - The SAS has delegated authority to JCOB for the delivery of collaborated services.
 - The JCOB's responsibility includes managing and mitigating shared strategic performance and risks.
 - The SAS' responsibilities include risk management including receiving Assurance Reviews based on risk.
 - Through review of the papers for the monthly JCOB meetings held between April and August 2020, IA confirmed that a quarterly performance update report for each BCH Portfolio, Operational Support, Organisational Support and Joint Protective Services (JPS) were received.
 - IA also confirmed that these reports had been included in the papers for the SAS meetings in May and July 2020. Through review of these reports covering Q4 2019/20 and Q1 2020/21, IA noted that they provided an update on key areas of performance for each collaborative unit, including a RAG rating of performance and the direction of travel since the previous period.

VALUE FOR MONEY

Improving economy, efficiency and effectiveness - using information to improve services

- BCH Governance Boards
 - Joint Protective Services (JPS) Governance Board (Lead = Bedfordshire): Receives performance and risk reports from each of the units within JPS at its quarterly meetings
 - Operational Support Governance Board (Lead = Hertfordshire): Receives performance and risk reports from each of the units within Operational Support at its quarterly meetings
 - Organisational Support Board (Lead = Cambridgeshire): Organisational Support areas have three large strategic themes, aside from other themes, Professional Standards, Information Management and Human Resources. Each have their own Governance Boards to ensure each theme is serviced properly and concentrated on the specific business area to avoid creating risk to BCH.

The business and financial planning is coordinated by the DMO (Delivery Management Office) but at the time of the review (2020/21) was rather limited. There are planned improvements to the DMO following recommendations from IA, however improvements have been slow to implement, and further improvements will need actioned in order to make this a useful addition to collaboration governance.

The Constabulary are also part of the 7Force strategic collaboration with Bedfordshire, Essex, Hertfordshire, Norfolk, Kent and Suffolk. This programme was set up to establish potential collaboration to help address the efficiency of service delivery and improving the effectiveness of delivery to the communities.

7Force Commercial Services (7FCS) (previously 7Force Procurement) has a 7Force Commercial Services Board which is attended by CFO's and have also have regular 1:1 meetings with the Head of 7FCS. In addition, the Head of 7FCS attends FEB on a quarterly basis to update the SLT in force on any matters etc. The OPCC also has representation on the Board. The 7FCS budget is developed through the 7F network team and the budgetary information is reported through to the 7F Regional Finance Steering Group.

7F Regional Finance Steering Group made up of CFOs from all Forces meet to discuss 7Force financial issues such as Eastern Region Serious and Organised Crime Unit (ERSOU), Commercial Services, regional position on national initiative. The programme also established a 7Force Strategic Collaboration Oversight Group, 7Force Chiefs meeting (Chief's only plus the 7F Programme Director) and then the 7F Summit with all PCCs and Chief's.



VALUE FOR MONEY

Improving economy, efficiency and effectiveness - using information to improve services

How the body ensures that commissioning or procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The 7Force Commercial Services Function has been created to support police procurement activity in all the seven police areas. All procurement contracts over £50,000 will be managed by the 7Force Procurement Function through procedures covered by the 7Force Commercial Services Contract Standing Orders. A Seven Force Procurement Policy has also been published.

The Strategic Procurement Governance Board (SPGB) meets monthly, and membership includes each of the Police and Crime Commissioners, a Chief Finance Officer representative from each force, the Chief Officer from the Lead Force for procurement (Essex/Kent), along with the Strategic Head of 7 Force Procurement, Head of 7 Force Governance and Standards, and the Programme Manager from 7 Force Team. The savings and costs of operating the function are apportioned based on the Net Revenue Expenditure of each Force. The board has responsibility for agreeing policies as well as providing a formal approval mechanism for Procurement New Work Requests, as well as enabling a coordinated sign off for all contracts and contract award reports within the purview of the function.

A formal Single Tender Action (STA) approach is in place for the Constabulary and procurement advise on appropriateness of these, they are then approved by the CFO.

The OPCC has a transparent Commissioning and Grants Strategy which is available on its website. The latest review by IA concluded 'substantial assurance' and no management actions were required.

An internal audit of the 7Force Commercial Services function was recently undertaken in December 2020, assessing the processes and controls within the services. While there were some weaknesses identified in the design and application of controls in 4 areas, the IA opinion concluded the Forces and OPCCs could take reasonable assurance that the controls upon which the organisations rely on to manage this area are suitably designed and consistently applied.

Internal Audit also completed a procurement follow up review for BCH and concluded that "Poor Progress" had been made on the implementation of the agreed actions. Included in these actions were weaknesses in arrangements relating to Quotations, adding STAs to the pipeline, the handover process for the change of key contract leads midway through contracts and dip sampling of compliance with contract management processes by operational leads. Whilst these areas do not indicate a significant weakness as they are not high priority or indicating arrangements are not in place, it should continue to be an area of focus for the PCC/CC.

Improving economy, efficiency and effectiveness - Conclusion

We have not identified any significant weaknesses in this area. The PCC/CC has arrangements in place to use information to improve services, however the PCC/CC should continue to focus on the areas of improvement highlighted by IA. We have made a recommendation for further enhancement to arrangements in place on page 20.

RECOMMENDATIONS

We have concluded throughout the report that the PCC/CC has robust arrangements in place and that we have not identified any significant weaknesses in relation to arrangements in any of the 3 criteria, Financial sustainability, Governance and Improving economy, efficiency and effectiveness.

We have however noted throughout the report areas where the arrangements could be further enhanced in a small number of areas.

Area	Recommendation	Management response
<p>Financial sustainability - <i>How the body plans to bridge its funding gaps and identifies achievable savings</i></p> <p>Savings were not separately monitored in 2020/21.</p>	<p>Ensure that savings included in the MTFS and needed to deliver the PCC annual budget are separately identified and monitored.</p>	<p>Agreed - greater focus on the reporting and delivery of savings will be undertaken through the monthly monitoring and as part of the annual VfM report.</p>
<p>Governance - <i>How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interest)</i></p> <p>The JAC terms of reference do not specifically cover the review of counter fraud arrangements.</p>	<p>Ensure the process for review and monitoring of counter fraud arrangements is formally included in the JAC Terms of Reference.</p>	<p>Agreed - the JAC terms of reference will be amended to incorporate the review and monitoring of fraud arrangements.</p>
<p>Improving economy, efficiency and effectiveness - <i>How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve</i></p> <p>Internal audit have raised recommendations for improvement to the DMO.</p>	<p>Ensure that planned improvements to the DMO following recommendations from IA are implemented in a timely manner to ensure effective outcomes from the group.</p>	<p>Agreed - the scope, remit and resource requirements of the DMO are being discussed as part of the 2022/23 BCH business planning cycle</p>
<p>Improving economy, efficiency and effectiveness - <i>How the body ensures that commissioning or procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits</i></p> <p>Internal Audit have raised recommendations in for improvements to BCH procurement.</p>	<p>Ensure that IA recommendations resulting from the BCH procurement review are actioned in a timely manner to ensure effective results from the collaborated process.</p>	<p>Agreed - work is progressing in this area and a further follow up audit is scheduled in the 2022/23 audit plan.</p>



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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the entity and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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